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NATIONAL REVIEW

Bulletin

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The eagle, having sounded for so many recent years like a house-broken pigeon, seems to have recovered, at least for this spring, its hard and truculent voice. One after another the chiefs of the Pentagon and of the executive office have told Nikita Khrushchev: we spit on your May 27th ultimatum. We are in Berlin by right of past conquest and contract, and present resolve.

The unyielding tone of the "advertisement," by Defense Secretary McElroy and the Chiefs of Staff, of our "ability to destroy the Soviet Union several times over," was echoed in our official handling of Moscow's interference with our high-flying plane to Berlin. The State Department—yes, *our* State Department—declared that we shall not submit to any Soviet-imposed ceilings on the air lanes between Berlin and the West, and that we shall continue to fly the air corridors at times and altitudes of our own choosing. The Soviet reply was petulant and desperate. Two potent stimuli were acting to stiffen the eagle's spine. One was the experience last year of Quemoy and Lebanon. In both cases Khrushchev had thundered dire vengeance-to-come if we acted; in both, we did act, and the threats proved mere verbal bubbles. The second stimulus, by mounting indication, is the Pentagon's present state of mind. "A very important group of the American General Staff," Kenneth de Courcy wrote in *Intelligence Digest*, "thinks that *if* . . . no lasting terms can ever be made with Russia," 1959 is the time to make a stand.

Because of the mode in which Khrushchev has so rashly posed the Berlin issue, this opinion—which would welcome a full showdown, or very nearly that, this spring—gives a dynamic push to the predominant Pentagon view which, though still aiming to avert general war, insists that a) Khrushchev will back down before real firmness; but b) if he doesn't, then we can, this year, smash the Soviet Union without suffering inacceptable damage in retaliation.

On Berlin, the Pentagon and the White House are surely correct, and—if the collaborators do not bring about a weakening of the Western stand—will in all probability prevail, as we have in the Formosa Strait. But we should bear in mind that Bolsheviks do not persist in frontal assaults against crystallized resistance. They pursue a strategy of indirect approach; and in this case, they will transform the Berlin front into a deceptive feint (as perhaps it has been all along) while they thrust (see pp. 2, 7) further and deeper into the Mideastern flank.

The WEEK

● At Mainz, in Germany, General Lauris Norstad, the Supreme Commander, took the central position as the flags of the fifteen countries of the North Atlantic Treaty Organization were raised; and to his right, as commander of the central front forces of NATO was French General Jean Etienne Valluy, who had fought bravely against Germans during the last war; and on his left, German General Hans Speidel, who had fought bravely against Frenchmen and Americans during the last war. They were there to pay tribute to a successful military alliance, to show a common face to the East, to reaffirm a common determination to do again, if necessary, what they know to be the most awful business of mankind—to make war—rather than to submit to the barbarians.

● There's always some poor joker who doesn't get the word. Here was Senator Thruston Morton, all lined up to be Meade Alcorn's successor as Chairman of the Republican National Committee. President Eisenhower had been talked out of his own original preference for the notoriously pro-Rockefeller boy wonder, Charles Percy. The *New York Times* all but crowned Morton a week ago. Yet as we go to press, Morton is *still* unsure of designation—a virtually unprecedented impudence toward the *Times*. Morton may yet win the job, but four hard-minded conservatives (Congressmen Simpson, Martin, Senators Goldwater, Bridges) have, by their opposition, made it certain that he will have to wear the modern label—or earn the right to discard it.

● Six Southern states have joined a sophisticated Dixiecrat movement to free their electoral delegates from loyalty to the Party Presidential candidate in 1960. Alabama,

Arkansas, Georgia, Louisiana, Mississippi and South Carolina have overhauled their legal machinery in an effort to permit the omission of the names of Presidential candidates on state ballots, and legislation to a similar effect has been introduced in five other Southern states. Such a device would enable from 57 to 128 delegates to the Electoral College to enter Presidential balloting without prior commitments. Lack of a majority for either candidate would throw the election into the House of Representatives, where each state would have a single vote. This, reason many Southern leaders, would enhance their bargaining power for states' rights and other conservative interests, and still keep the South within the framework of the Democratic Party.

● While Western eyes focus more and more exclusively on Berlin, Moscow continues to push forward its Middle East operations. In Iraq the government of Premier Abdul Kassem withdraws from the ironically named Baghdad Pact. British planes are leaving their airfields while weapons flood in from Czechoslovakia, Poland and Russia herself. Hundreds of Iron Curtain economists, technicians and (reportedly) soldier "volunteers" are on hand. Moscow has announced big credits. Contracts with European firms are being cancelled, the work being taken over by Iron Curtain organizations. The Communists are in control of virtually the entire press and radio. No move, however, has been made against the Western oil combine on which the Iraqi economy primarily rests. The tinder should not be removed from a tinderbox.

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A British solution to the problem of Sunday driving

● The Soviet Union's Bolshoi Ballet will open in New York on the 16th of April. The Soviet Union does its earnest best every spring, and every fall, to establish that art is possible under Communism, even if freedom is not, and succeeds in proving that virtually no dictatorship, however efficient, can wholly extirpate a great nation's cultural buoyancy. Last year it was the Moiseyev Ballet, and on the glittering opening night the orchestra struck up the American anthem. The audience rose. The orchestra then swung into the Soviet National Anthem—and the audience continued standing. Not a bad accomplish-

PEOPLE: The former White House aide who is going about the country building up the Rockefeller candidacy? Sometime Special Presidential Assistant **Max Raab**. . . . While **Nikita Khrushchev** thunders over Berlin in public, his agents in Bonn secretly press for a new German-Soviet deal, arguing neither can trust the West. . . . Supporters of Senator **Clifford Case** have spent thousands of dollars on a confidential poll to test New Jersey voters on 1960 renomination. Pollsters reported: "no Case sentiment."

Walter Reuther's Senator **Pat McNamara** (Mich.) has joined Wisconsin's **William Proxmire** in the left-Liberal revolt against the **Lyndon Johnson** leadership. . . . President **Charles de Gaulle** carefully avoided proposed meetings with the former Italian Premier, the left-inclined **Amintore Fanfani,** but quickly got together with the new Premier, **Antonio Segni,** who leads the present right-wing government. . . . UNESCO has compiled a list of the world's fifty most-translated works. No. 1: **Lenin;** No. 2: the **Bible.** Only Americans: **Jack London** (14), **Pearl Buck** (17), **Mark Twain** (19).

The real reason for resignation of **Alfred A. Knopf Jr.** from his father's firm to join new publishing outfit: Alfred A. Knopf, Inc. is for sale. And Random House also, which Henry Holt (now controlled by the **Clint Murchison** interests) will probably take over. . . . The *New York World-Telegram* and the *Herald Tribune* may merge. . . . Those who have known them believes that a political as well as personal reason lies back of the breakup between **Alger** and **Priscilla Hiss**. . . . Washington sources report **Christian Herter's** rivals have dropped out of race for succession to **John Foster Dulles**. . . . U. S. Ambassador to Italy **James D. Zellerbach** put down the red carpet for Communist-line Longshoremen's boss **Harry Bridges** last month. . . . Supreme Court buffs note recent decisions showing newest Justice **Potter Stewart** lining up with **John Marshall Harlan, Charles E. Whittaker** and **Tom C. Clark** in conservative-tending bloc that becomes majority when unpredictable **Felix Frankfurter** goes along.

Harold Stassen has agreed to run for mayor of Philadelphia on the understanding the Republican Party will reward him by sending him to the 1960 National Convention as a delegate. He hopes to get control of another dozen Pennsylvanians, and increase his leverage to substantial proportions.

ment, the Kremlin must have noted, to get a crowd of decent Americans on their feet for the anthem of bloody revolution! We shall no doubt be seeing a five-year plan to increase ballet dancing.

● Forty-two students go on trial in New Haven on April 11 in connection with the St. Patrick's Day riots, charged with a number of offenses against the laws of New Haven and the canons of good behavior. Yale University, meanwhile, having begun the hunt for justice by putting the entire student body on probation, has marshaled convincing evidence against only four students, one of whom has been suspended indefinitely, the other three until September. The trial will be of considerable interest. For if the students are exonerated, Mr. Whitney Griswold, who as President of Yale was *in loco parentis*, will have to explain to the alumni body, against the background of the court's decision, his panicked alignment with town against gown, his hysterical denunciation of his own students, and his silence concerning the documented abuses of the New Haven police. Moreover, exoneration of the students could lead to an investigation of the police behavior, and that investigation could cause a major political scandal.

Out of the Ashes

Virginia has in effect conceded, as in the end it was bound to, that beyond a certain point there is no effective resistance to judicial tyranny when that tyranny is supported by the executive and a quiescent national legislature. Governor Almond, recognizing this, has accordingly endorsed the report of a majority (31 out of 40) of a legislative commission recommending a local option plan. Under the plan a community could continue to operate its public school system and be ready to accept at least token integration; or give up its public schools and receive from the state grants-in-aid for each student, to be applied against the cost of educating him at private schools. In short: integrate, or close down the public schools.

It is a pity, as we say, that there are no campaigns under way to challenge the authority of the Supreme Court to hand down social dispensations, but that being the case, local option is precisely the indicated course. The community should set its own school policies in the first place, and if a community chooses not to shoulder the costs of segregation, let it for heaven's sake integrate. We greet as a happy side effect of the upheaval, a dawning respect for the feasibility and utility of private schools. Not because private schools may emerge as the place one sends one's children in order to separate races; but because the private school over which parents and trustees will have effective control, may prove the place to go to give one's child, whatever his race, a proper education.

Exit Walter Robertson

It appears plain that Walter Robertson was not eased out of the State Department, but resigned because the deterioration in his health, of which he has complained in past years, has accelerated at an alarming rate. Serving as Assistant Secretary of State for Far Eastern Affairs, Mr. Robertson inherited a division which in the preceding years had been under the guidance of Communist instruments (*e.g.*, Owen Lattimore) and dupes of the Communist Party line (*e.g.*, John Stewart Service). These men had exercised the critical voice in the formulation of State Department China policy during a period when freedom lost China, and the United States declined to do anything about it because we wanted to see the dust settle.

The dust settled, in due course, and the New China of mass executions, total terror, systematic wretchedness, international aggressiveness, of communes and torture and brainwashing, emerged. But the settled dust also saw Walter Robertson occupying a critical post in the State Department, and more than any other man he has been responsible for prolonging the life of the Government of Free China, the living heart of Free Chinese resistance throughout Southeast Asia. That resistance would collapse the moment the United States recognized Red China. We join millions of free Asians in tribute to a brave and principled man.

Economics of the Bearded Ones

Dr. Fidel Castro, who for several years led a happy and successful life as guerrilla chieftain, grows daily more grumpy in his new role—for which his talents seem considerably less suited—as Premier. He no doubt needs a vacation from his executing responsibilities of these past few months. (The military courts have just been put on a twenty-four-hour basis in order, according to the official announcement, "to clear up the backlog.") So, like many another foreign celebrity, Castro is going to combine business with pleasure by hitting the U. S. lecture circuit. His April 17 luncheon talk to the Society of Newspaper Editors has swollen to an interstate schedule that will include the National Press Club, the Overseas Press Club, *Meet the Press* and reportedly Harvard, Yale and Princeton.

On the side, Dr. Castro is going to explain to Congress and the White House why the U. S. "must" triple its Cuban sugar import quota, which is now equal to one-third of our total consumption, while maintaining at least the present price per pound.

Cuba needs money for investment and expansion, you

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see. Two weeks ago Castro announced—casually, in the morning break—that the interest rate and monthly principal repayments on all outstanding mortgages were as of that moment cut in half. Purpose: to encourage investment in the new houses that he has promised the Cuban people. Last week, having concluded that Cuba suffered from a lack of electricity, he appointed a commission to slash rates and threaten the U. S.-owned utility company with confiscation. Purpose: to make the building of new utility plants an attractive proposition. Foreclosures of land and houses and repossession of articles bought on installment have been forbidden. And Castro has developed the genial habit of walking into a factory or office and announcing a general pay rise and a holiday.

So now he is going to explain to our press clubs that he is short of the money he needs to finance his social revolution, because the tyrant Batista and his fascist U.S. backers have bled Cuba white. Therefore the U. S. government must ladle it out: so that he can dispense it at half the market interest and twice the market wages.

It is obvious why he has decided to include the universities on his tour: He may never get away from Harvard. They are likely to conscript him as a member of the faculty of economics.

Hiss, Coming Up?

Judge Michael A. Musmanno of the Pennsylvania State Supreme Court, who served thirty-nine years ago as a member of the defense counsel in the trial of Sacco and Vanzetti, appeared last week before a legislative committee of the Commonwealth of Massachusetts, pleading posthumous exoneration for his clients. In order to clear the names of Sacco and Vanzetti, Judge Musmanno is quite prepared to blacken those of everyone who had anything to do with their prosecution or eventual execution. These were men, declaimed Judge Musmanno heatedly, who "wore robes of office too big for their moral frames and accomplished evil which spread far beyond the shadows of their boundless conceit and selfish projection." The blackguards included Dr. A. Lawrence Lowell, president of Harvard University, who headed a three-man committee which, after an exhaustive investigation, declined to recommend to the Governor of Massachusetts a stay of execution—for the very good reason that, in their judgment, Sacco and Vanzetti had been fairly tried, had been guilty of the murder beyond a reasonable doubt, and had no claim to executive clemency.

We hope the Massachusetts Legislature will move carefully, and dig through to the heart of the case before tossing off an exoneration that would have profound historical significance, confirming the dark view of American justice during the twenties assiduously cultivated by enemies of the American social order. Are we to retry Alger Hiss forty years hence? And the Rosenbergs? Victims of the reign of terror, unequalled since the days of—Sacco and Vanzetti?

• At Home •

Washington

While Governor Nelson Rockefeller makes noncommittal noises from the Executive Mansion in Albany, his friends and associates are beating the Presidential drums throughout the country. Oren Root, chairman of the Associated Willkie Clubs which did so much to lose the 1940 election for the Republican Party, is touring the hinterlands searching for delegates. In California, a group of political nonentities has organized a Rockefeller cabal and issued a manifesto noted mostly for its misspelling of "believe." (Californians for Rockefeller "beleive" in Nelson.) In Connecticut, one L. Josephson is seeking to set up a national movement.

The Rockefeller strategy is to sow dollars, in the hope that they will bloom into convention votes, and to argue that "Nixon can't win, but Nelson is unbeatable." Interestingly enough, this line is not yet being bought by Washington correspondents who have seen the Vice President in action. But the Rockefeller forces hope to change that through the judicious use of polls. The Gallup Poll can be expected to contribute its mite to this endeavor, but sophisticated observers know that it has been using samplings of as few as 500 persons to test the temper of the nation.

And for a wonder, the other polls are indicating the kind of Nixon strength which can give the New York Governor little comfort. Trendex, for example, showed Mr. Rockefeller leading Mr. Nixon 5 to 4 among all voters last November. But a month ago, a Trendex survey showed a startling reverse, with Mr. Nixon ahead 2 to 1 (and 5 to 1 among Republicans). Representative Perkins Bass of New Hampshire, a key state since it holds its primary first, polled his district and discovered that 54 per cent of the voters favored Vice President Nixon, 16 per cent favored Governor Rockefeller. Unless the political climate shifts drastically—or the dollars sprout—Mr. Rockefeller will be hard put to prove his presumably overwhelmingly popularity.

Eastern banking money, and the power of Rockefeller Foundation benefactions among intellectuals, may eventually do the trick. But if foreign policy becomes the issue, the Vice President's resistance to Soviet blandishments will become an important factor. Even the Washington press, which has seen Nelson Rockefeller in action, shows some concern over the fact that he "wants to be loved by everybody." If this is commendable in a drawing room, it is hardly a reassuring quality when dealing with Premier Khrushchev and the Communist world. Mr. Rockefeller is dearly loved in Latin America, but the policies he sired have resulted in a startling increase in Communist activity and party membership south of the border, as a recent Senate study shows.

Recently, on a Voice of America broadcast, James Carey suggested a new world federation of trade unions which would include those of the Iron Curtain countries —as well as Communist-controlled labor groups in the West. But Mr. Carey, who is president of the IUE (the electrical workers' satrapy in the AFL-CIO), is now up in arms because the Justice Department has dropped its case against the United Electrical Workers, forced out of the CIO in 1949 for its Communist leadership. Mr. Carey does not accept the Justice Department explanation that proceedings before the Subversive Activities Control Board were halted because of an insufficiency of evidence. There may be some validity to Mr. Carey's position. But it is odd to note how quickly Mr. Carey's "anti-Communism" is revived where it concerns the interests of his union. (The UE is the IUE's bitterest rival.) And it is more than slightly ironic when the IUE bolsters its argument by citing the records of the House Committee on Un-American Activities, whose investigations organized labor has so frequently denounced.

Labor's logic is, however, often hard to follow. The arrest for perjury of Alfred May, an organizer in Louisville for the United Hatters and Cap Makers union, has led to charges of government persecution. The latest issue of the *Hat Worker* has unleashed a blast at the FBI agent who brought in Mr. May. Says the union paper: "FBI agent Gerald S. Cooley . . . argued that the nine workers [who contradicted May's sworn testimony] were telling the truth, so the union representative must have been lying. It evidently did not occur to him that it was the nine workers who may have been lying and not the union official." The law requires but two witnesses to an act of perjury—but when it applies to a union official, even nine witnesses cease to be sufficient for indictment.

If Mr. Truman's cry of a "do-nothing 80th Congress" won him re-election in 1948, then the Republicans need have no fears for 1960. Only one out of 24 measures endorsed by the CIO and Liberal Democrats has been passed by both Houses and sent to the President.

Labor spent an estimated fifteen million dollars in the 1958 election. In the early days of the current session, its representatives walked the corridors of the Senate and House Office Buildings with calm assurance that they had bought a completely subservient Congress. AFL-CIO President George Meany openly threatened reprisals against legislators who did not toe the labor line. Perhaps the millions were badly spent. Even in Ohio, where the AFL-CIO elected Mike DiSalle Governor on the Democratic ticket, the victory has turned to ashes. For Governor DiSalle is sponsoring an anti-racketeering bill which, the International Brotherhood of Machinists is screaming, could "put every trade union in the state out of operation." The unions scream easily, but obviously this is not happiness time for them.

QUINCY

BRIEFS: Governor Rockefeller's forces are busy purging the New York State Republican organization, replacing old hands with fresh, committed Rockefeller tes. Latest to feel the axe: the President of the Young Republicans. . . . The Governor wants his own agents at the forthcoming national convention of the Young Republicans in Denver in June—already being billed as a trial heat for 1960. Rockefeller supporters, also caucused in New York last week with emissaries of that old Nixon-hater, Harold Stassen (who had to attend his brother's funeral in Minnesota). The Rockefeller Presidential drive is slated to open up in June.

A Senate Judiciary subcommittee, despite the chairmanship of Senator Estes Kefauver, has scheduled hearings on Senator Herman Talmadge's proposal to give state and local agencies exclusive jurisdiction over schools. . . . **The Washington Youth March, sponsored by the NAACP and supported by the Communists, will call for the "total victory of equal rights" on April 18. Sponsors claim a participation of 20,000.** . . . Senator Kenneth Keating of New York has commended *The Tablet*, Brooklyn's nationally important Catholic weekly, for service in alerting the nation to the Communist conspiracy. *The Tablet*, he said, "has unswervingly stood in the forefront of all efforts to expose and combat the machinations of the comrades. . . . "

Ghana's majority party, under Prime Minister Kwami Nkrumah, has taken absolute control of the government, unseating two Opposition members in Parliament, and assuming complete authority over the Ghanan labor movement. . . . *Qui Italia*, a new conservative weekly launched last month in Italy, has enjoyed an excellent reception. . . . **Jakarta has acknowledged recent sea battles with rebel forces attempting to run the blockade around Sumatra.** . . . Communists suffered significant defeats in the recent municipal elections in Greece. The Party, although outlawed in Greece, operates through a popular front. . . . **Nasser's "anti-Communism" has not led him to refuse weekly arms and supplies shipments from the Soviet Union, nor to recall Egyptian officers from East European training camps.**

With this issue we begin Volume VII of NATIONAL REVIEW. An index to Volume VI will appear in the Magazine shortly, and can then be removed and bound with the issues in that volume.

Pursuant to postal regulations, the issues in the new Volume VII will be numbered in sequence, without regard to whether they are 32-page Magazine issues or 8-page Bulletin issues. Persons and libraries maintaining separate sets of one or the other can be sure they have all issues of a particular type if they will remember that the *odd numbers* (beginning with today's No. 1) are the Bulletin issues, while the *even numbers* (beginning with next week's No. 2) are the Magazine issues.

WILLIAM A. RUSHER, PUBLISHER

• Trends •

To this frequently disillusioned sentry on the Washington ramparts the air of militant resolve arising from the White House this spring is so deeply gratifying as to signal caution. Will it last; will the President's substitution of a higher morality, the survival of such verities as liberty and honor, for the routine pacifism he so long proclaimed, carry us through the Berlin crisis with dignity and without another anguishing defeat? At Gettysburg College Mr. Eisenhower phrased his estimate of Moscow's obsessed arrogance and the fatal folly of appeasement in the most virile terms he has yet employed. He likewise was reminding the NATO foreign ministers, niggling over the West's hard necessities in Washington, of their plain duty and putting another quietus on Harold Macmillan's suave defeatism, confirming what I have reported in this space about the President's rejection of the Prime Minister's opportunism.

The President may be said to have won two skirmishes in the Anglo-American struggle included within the East-West conflict over Berlin. He held the great bulk of Congress with him against Macmillan's war scare talk while here. The President's influence and that of Secretary-General Paul-Henri Spaak and German Foreign Minister Heinrich von Brentano steadied the NATO council on a firm final course despite temporizing winds from London.

Yet graver trials lie ahead. The working group of Big Three experts, resuming in London on April 13, may be expected again to leak proposals suggesting, in line with Downing Street, that we buy from Khrushchev what we already possess, *i.e.*, our legal presence in Berlin.

Mr. Dulles in Geneva?

One hears also that British fearfulness did not fall on deaf ears in Foggy Bottom. There, among self-anointed sophisticates on the working levels, the deft appeals of the British colony to *Realpolitik* carried sufficient weight to suggest that, without John Foster Dulles in Paris at the end of April and in Geneva on May 11, the President could be subtly undercut.

Happily, the prospect that the Secretary of State may be so far restored as to go to Geneva grows fairer under the Florida sun. The medical estimate, as I understand it, is that the magnificently durable Dulles, given his present rate of improvement, may return to the stage of affairs in satisfactory vigor perhaps for several months. The doctors speak of eight or ten months. Whatever the span, Mr. Dulles, fully conscious that he lies under summary sentence of death, desires nothing so much as to help the President man the Atlantic wall against Khrushchev and Khrushchev's quasi-surrogate Macmillan.

The British, however, are persuasive. They take their stand uncomplicatedly for peace. Macmillan's placatory approach to Khrushchev commands a certain minority, yet influential support in the Senate. The utterances of Senator J. William Fulbright (D., Ark.), chairman of the powerful Foreign Relations Committee, paralleled the forebodings of Macmillan and the Prime Minister's demand that we satisfy Khrushchev to avoid the war so dreaded by Bertrand Russell in the days before the President declared he would not submit to "bluff" or "blackmail."

Fulbright, whose affinity for Downing Street has caused him to be described as the "permanent British ambassador to Washington," has shown no outward sign of being convinced by the President's resoluteness. Senator Wayne Morse (D., Ore.), who seldom lacks indulgence for Moscow, is another who may desert the Majority leadership of the Senate should war clouds darken.

British Press Relations

Even more disquieting is the ease with which Downing Street insinuates its views into the American press. The NATO anniversary council saw this British facility again operating at top bent. It is a commonplace of international reporting that the United States government is no match for the British in disseminating policy rationalizations. As against our fuglemen, their tone perhaps set by the curt, often choleric, take-it-or-leave-it Jim Hagerty, the British deploy at diplomatic points of tension tweedy, relaxed and companionable little brothers to the press.

The first point established by these capable operatives is that the journalist across the table is a worldly observer superior in grasp to the well-meaning, but unfortunately bumbling, statesmen who stand at the head of his country. Having established a common sophistication, the Briton self-deprecatingly mentions that the British attitude has much to commend it. In recent weeks these practitioners have been making these points on private occasions and at press conferences:

1. The President, aging and never too bright about the nuances of foreign affairs, stubbornly sees the current issues far too much in terms of black and white.

2. Macmillan, equally with the President a man of valor and principle, must be conceded because of his recent visit to Moscow to have a fresher and more detailed insight into Khrushchev's warlike propensity and what it takes to buy him off. Clearly, therefore, the United States should accept the Prime Minister's judgment as to how to extricate the Atlantic community from the Berlin dilemma.

3. After all, how can sensible men weigh the lot of one city against the likelihood of a nuclear holocaust destroying Britain *and* the United States. If we give a little here and there we shall strengthen the "liberal" Khrushchev against ruder, more martial rivals at the Kremlin. (Incidentally, David Dallin has effectively disposed of that supposition in the current *New Leader*.)

The foregoing arguments, painfully reminiscent of what was being said in the England of 1938 regarding Czechoslovakia and Hitler, will be reflected here and there in the United States press in the coming weeks.

FORREST DAVIS

• Abroad •

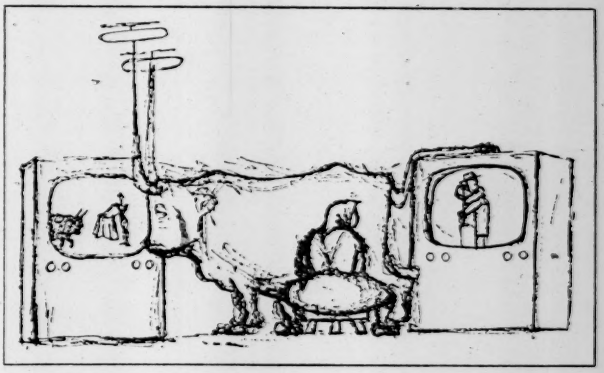
Hassi-el-Gassi, Algeria. Behind many of the French international moves—in relation to Algeria, Bourguiba, the NATO command in the Mediterranean—lies growing confirmation of the oil potential of the Sahara. A third major oil field, just proved at Hassi-el-Gassi, may be an extension of the Hassi-Messaoud field which, together with the first (Edjeleh) was discovered in 1956. The French geologists believe that, with Hassi-el-Gassi, the known Sahara reserves are lifted into third place, behind the Middle East (which has two-thirds of the known world supply) and North America, and just ahead of the Soviet Union. Vast Sahara gas fields have also been proved. The pipeline routes to the Mediterranean and Europe, the first of which is scheduled to open this autumn, run through northern Algeria and Tunis.

Rome, Italy. Careful observers are convinced that the "independence" from the Communist Party, voted by Pietro Nennin's left-wing Socialist Party at its recent convention in Sicily, is illusory. They point out that the real base of Communist influence rests not on resolutions or programs but on an "apparatus" of 1,500 functionaries, holding key Socialist Party posts throughout Italy, who are dominated and financed by the Communists.

Bonn, West Germany. The visit recently paid to Nikita Khrushchev by Erich Ollenhauer, leader of the West German Social Democratic Party, has revived speculation about the mysterious role of Herbert Wehner, who has acted since the war as Ollenhauer's confidential foreign affairs expert, and who is believed to have originated the idea of the Khrushchev visit. Wehner, born in Dresden in 1906, joined the Communist Party of Germany when he was seventeen. By 1930 he was secretary of the Party in Saxony. In 1935 he left Germany to operate as a Communist in Prague and Paris. For a while he worked on the Moscow radio, and afterwards went to Stockholm, where he was arrested as a Communist agent. After his release from jail in 1944 he declared that he had broken with Communism; and in 1946 he returned to Germany. He was quickly reintegrated into the Social Democratic Party, under the patronage of the Ollenhauer faction. By 1949 he was a Social Democratic member in the Bundestag, and has continued ever since as Ollenhauer's adviser.

Munich, Germany. H. U. Kempski, a Roving Editor of *Sueddeutsche Zeitung*, happened to be standing by when Khrushchev, on the last day of his recent visit to East Germany, started to faint as he left the East Berlin hall where he had been speaking. Bodyguards at once surrounded him, and the lights were dimmed. Earlier, Khrushchev had had a conversation with Fraulein Fassbinder, a well-known West German poetess, who berated him for pursuing "a devious policy." "I know," Khrushchev replied, "that in geometry a straight line is the shortest distance between two points, but politics is different. A Russian proverb says: 'Only the raven flies in a straight line but it gets him nowhere.' A politician has to make detours to arrive at his goal."

Teheran, Iran. The Soviet Union is now beaming five half-hour broadcasts daily into Iran, the content of which is suggested by a comment of Foreign Minister Ali Asghar Hekmat: "Our mighty neighbor shows a total disregard for the principle of non-interference in our affairs and resorts to slander, lies, evasions and equivocations. Soviet propaganda directed against Iran is conducted through expatriate Tudeh Party [Communist] men, regarded as traitors by the Iranian people." Some observers believe that by a boomerang reversal, Moscow's onslaught is convincing the Iranians that the Shah and his government are firm guardians of Iranian interests.



l'Express, Paris

Paris, France. The French, always solicitous for the glory of their language, have just issued a semi-official "Practical Guide for the Municipal Orator." This provides mayors with sample speeches for all possible occasions: Mother's Day; dog show (two models); reception for the local bishop; acceptance of the Legion of Honor (four models); children's Christmas party; opening of a swimming pool; funeral of the mayor of the neighboring town, etc. The Bastille Day oration includes quotes from Michelet, Mme. de Staël, Montaigne, Montesquieu, Rousseau and Clemenceau; for Mother's Day, Victor Hugo is featured. For opening a pigeon show, a reference to Noah's messenger from the Ark is tastefully linked to a stirring reminder of how the workers communicated during the siege of the Paris Commune.

Sydney, Australia. Billy Graham's Australian visit, which has gone almost unremarked in the European and American press, has had an extraordinary effect. About half a million Australians—out of a total population of under ten million—have attended the meetings that Dr. Graham continued in spite of serious eye trouble. The local churches report a large and persisting influx of returned or new members from those who reached "decisions" at the meetings, and there are other signs of an impression deeper and more lasting than was made by the meetings in England, France and New York.

• The Investor •

Every investor has an important interest in the outcome of the impending wage battle in the steel industry. Pressure of public opinion can prove the decisive force in determining the terms of settlement. It behooves the investor to be informed and to play whatever part he can to help inform the voting public. An unearned steel wage increase is likely to set off an upsurge in prices throughout the economy. From raw materials to finished products, labor accounts for 75 per cent to 80 per cent of all costs of goods produced. This means that an unearned rise in wages has three to four times as much inflationary effect as a rise of all other costs of production put together.

When you hear union leaders say that higher wages can come out of exorbitant profits, it is well to consider what is done with corporation profits. Dividends are seldom more than 60 per cent of average earnings, and often much less, and retained earnings are spent—on cost-cutting machinery, on plants for new products, on carrying more inventory for an expanded business, or on increased research and development. If labor were successful in appropriating these earnings and adding them to wages, it would succeed in putting an end to improvement in its own standard of living and that of most of the rest of us.

Carrying their "exorbitant profits" argument further, union leaders say that corporation profits have increased faster than wages, and that higher wages are needed to bring wages and profits into balance. George Hitchings, Ford Motor Company economist, provided some figures which throw much-needed light on the facts. From 1940 to 1948, he shows, corporation profits rose faster than wages, but wages rose faster than prices. From 1948 through 1957 corporation profits declined as a per cent of the total price index (made up of three parts—wages, profits and other costs). In the same period wages increased, and at a somewhat faster rate than prices. For the entire period 1940-1957 wages are up 80 per cent, prices 77 per cent, and profits 50 per cent. Obviously, the rise in wage costs—not profits—has been the big factor responsible for the rise in prices.

Another union contention is that new wage demands can be met out of increased productivity and therefore will not be inflationary.

A per-man-hour measure of increase in productivity does not take into account the added capital costs essential for bringing it about. Furthermore, increase in man-hour productivity is almost meaningless, taken for any one year or even for several years. For instance, between 1956 and 1958, steel products per man-hour declined 7 per cent. Now that we are coming out of a recession, the rise per man-hour may be sharp. Wage rates were not reduced in 1957 or 1958 to correspond with the decline in per-man-hour product. For wage rates now to rise to parallel recovery in productivity makes little sense. To claim that this would be non-inflationary makes no sense at all.

Productivity per man-hour as a measure has validity only when applied to a long span of years. From 1940 through 1957, hourly employment costs in the steel industry have gone up an average of 7.6 per cent a year. U. S. Department of Labor figures show that per-man-hour output has risen only 2.6 per cent per year. And as observed previously, these figures overstate the case, since they do not deduct the cost of added capital equipment.

If the union leaders faced squarely the threat of growing foreign imports of steel, they would be forced to the conclusion that an unearned rise in steel wages jeopardizes the job of every steel worker. They try to minimize the importance of current foreign imports by pointing out that their percentage of the total U. S. market is very small. And so it is—today. However, when some imported steel products can be delivered in Midwest cities at $40 a ton under U. S. prices, it takes no genius to predict that foreign steel will take a growing percentage of our market.

European wage rates in the steel industry are only 20 to 33 per cent of U. S. rates. After World War II we exported our modern technique of steel-making, as well as our most up-to-date equipment. To hold our markets, then, we must design still better equipment and develop new methods to reduce costs of making steel. To raise wages now will be to put the steel industry into an increasingly stiff competition with foreign companies, with one hand tied behind its back. And steelworkers will be the first to suffer if U. S. steel companies lose the competitive battle.

Dangers of Wage Hike

President Eisenhower recently emphasized the nation's need for a halt in the rise of the price for steel, and the inflationary push it gives the whole economy. If steel union leaders succeed in pushing up wages, the steel companies must increase prices or fail to provide the capital goods necessary for continuing reduction in costs. Such a failure will aid foreign producers in taking away export markets from U. S. steelmakers. It will increase their ability to export steel to the U. S. in competition with domestic companies.

Enjoying exemption from anti-monopoly prosecution (to which corporations have been subject for many decades), the steel union can strike the entire industry. The steel companies, in resisting inflationary labor demands, become defenders of the public interest. But they will be doomed to defeat unless an aroused public opinion supports their stand.

The investor will be interested in the fact that two major steel companies have important production which goes on uninterrupted throughout steel strikes. About 50 per cent of Armco Steel Company's production and the same percentage of National Steel Company's production is in plants in which employees are represented by an independent union. In times of strike, this gives these two companies an important advantage.

NORVIN R. GREENE